

Economic and Financial Outlook

ttb analytics

Jan 2023

Global Economy

- **Global Manufacturing PMI expressed ongoing recession concerns over the globe, but with a lesser degree.** In Europe, the survey outcomes showed a signs of less contraction. For services PMI, the survey results also indicated a less severe contraction in several nations.
- **Global merchandise trade had softened during the last quarter of 2022 according to weakened global demands.** Accordingly, production were in a soft pace in several nations, especially a registered contractions in Japan and UK.
- **Global Domestic demands were in a soft pace** as represented by a declining retail sales across nations, particularly a domestic sales contraction in Europe and UK. However, there were improvement in labor market in several nations. This was except for UK whose unemployment turned worse.
- **Global inflations have been decelerating with a moderate declining degree going forward.** This was due to a slower pace of normalization in supply chain pressure due to the ongoing issues in Taiwan and South Korea.

Domestic Economy

- **In Nov22, Thai economic recovery maintained its traction due to prominent tourism, and that also helped private consumption sentiment.** Several fundamental factors including employment, income, and consumer confidence continued to improve.
- **Private investment declined slightly, mainly due to lower investment in machinery and equipment, whereas newly registered motor vehicles for investment improved.**
- **The value of merchandise exports dropped further for second consecutive month.** This was due to the further decrease of major products e.g., refinery oil and chemical products.
- **Foreign tourists in November increased consecutively to reach a new peak again.** The major groups still came from East Asia. Russia and Europe tourists also returned due to the winter-season coming in northern continent.
- **Headline inflation in Dec turned to accelerate due to energy price increased while core inflation remained mark over 3% level.**

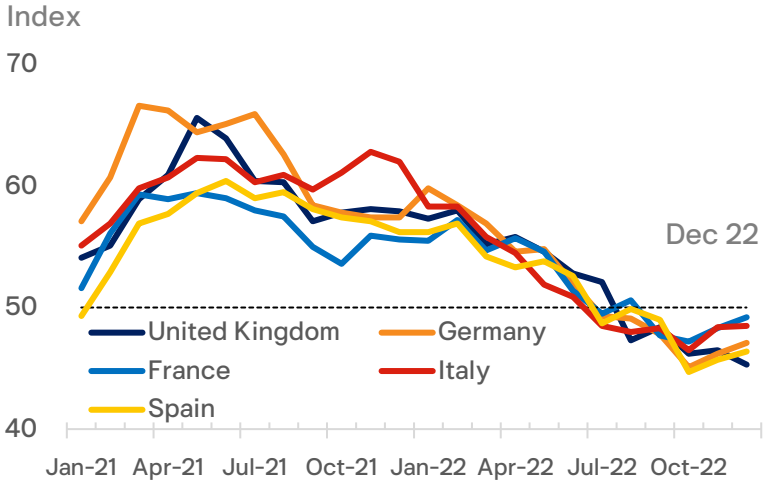
Financial Market

- **Major central banks around the world hiked policy rate to curb rising inflation but with slower pace.** The Federal Reserve is widely expected to deliver only 25-bps to 50-bps hike on 31 January – 1 February 2023 meeting.
- **Investors went into long term bond tenor, for both US and Thai bond, due to recession concerns.** Moreover, 10y-2y yield spread for US government bond dropped below zero, negative yield curve signal higher possibility of coming US economy recession. Meanwhile, 10y-2y yield spread for Thai government bond was still in positive territory.
- **USDTHB largely appreciated in December, ending 34.55 level.** It could be around 32.50-33.00 in January. Dollar would tend lower in short term on soft inflation and economic data as well as slower pace of Fed's interest rate hikes.

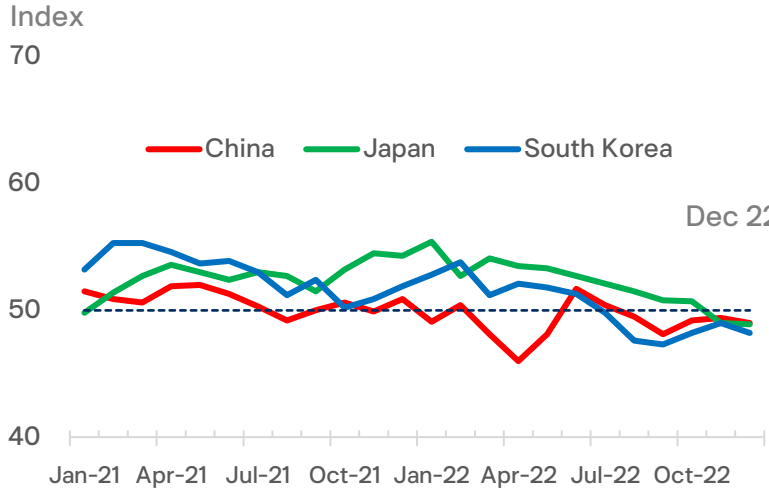
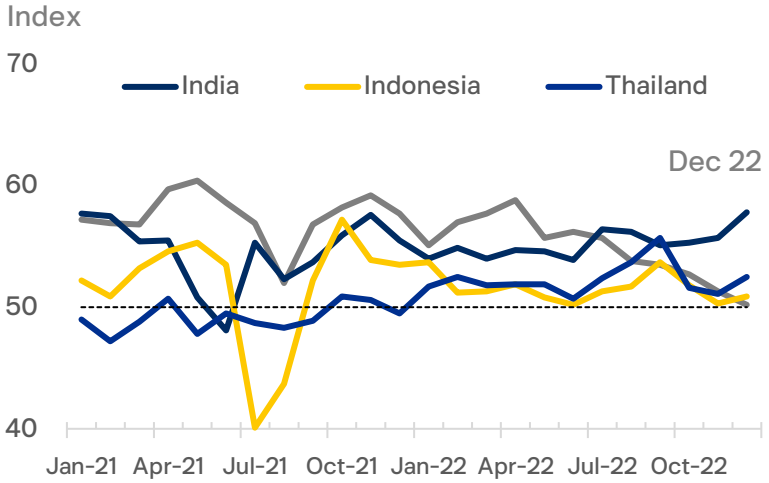
PART 1

Global Economy

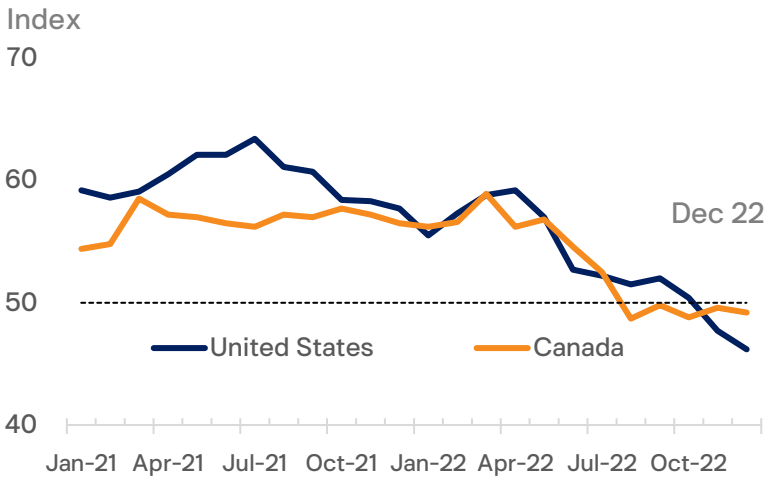
Manufacturing PMI - Europe



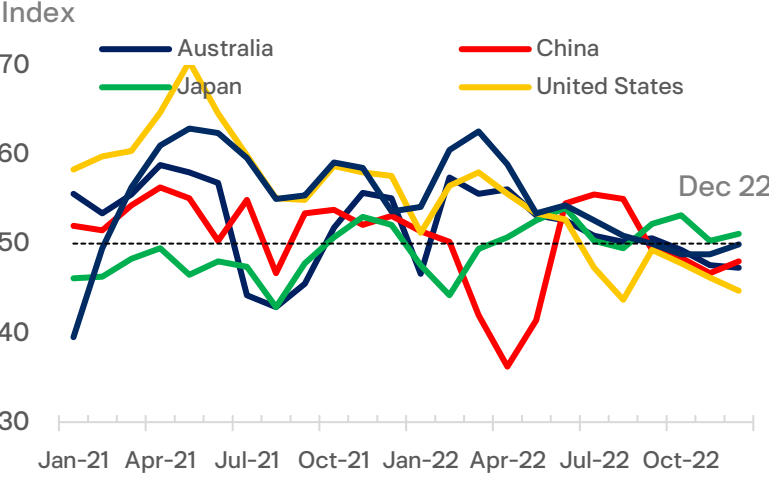
Manufacturing PMI - Asia



Manufacturing PMI - North America

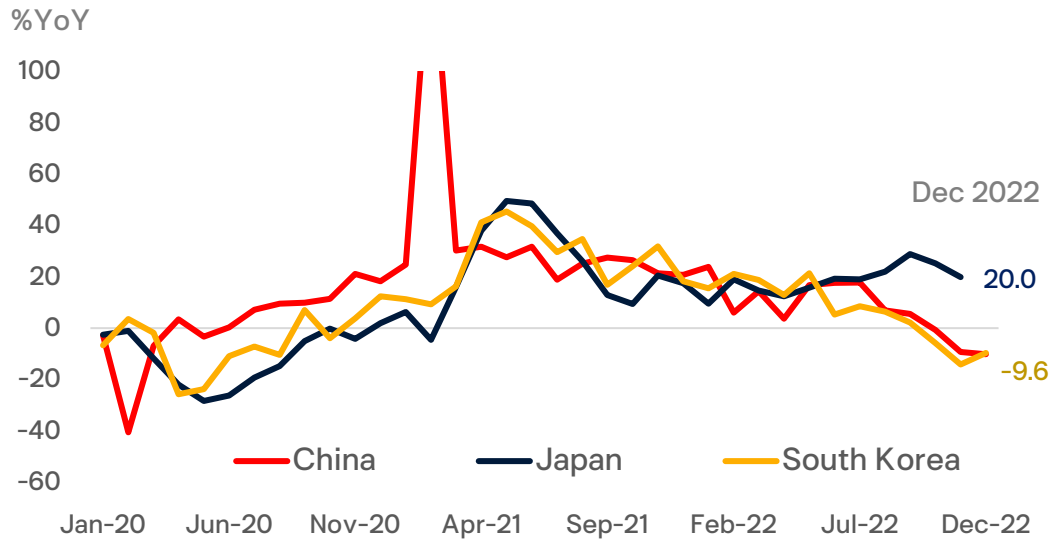
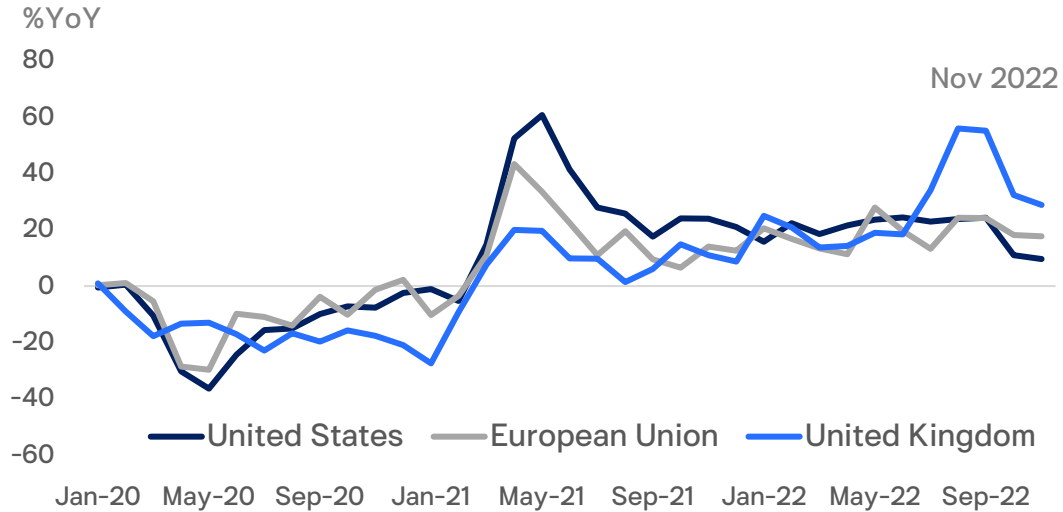


Services PMI

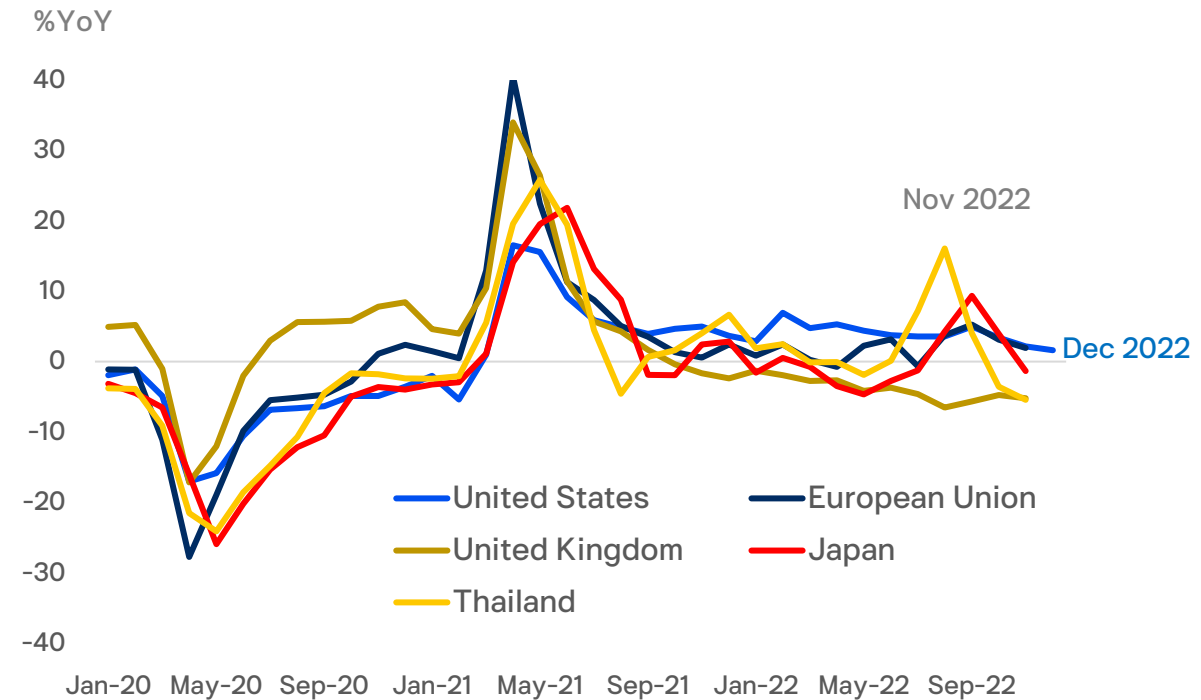


- **Global manufacturing PMI in December 22 show a continuous recession concern but with a lesser degree in Europe. PMI Manufacturing survey in India and Thailand registered in an expansion.**
- **The New Orders and production Index remained in contraction territory**
- **Services PMI were also in negative territory in several nation but with a slightly improvement signal.**

Global Export Growth

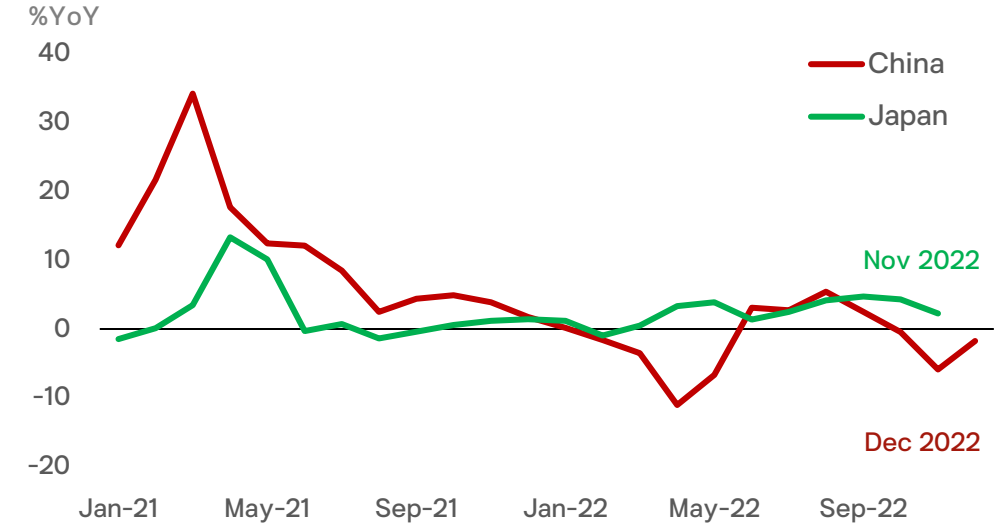
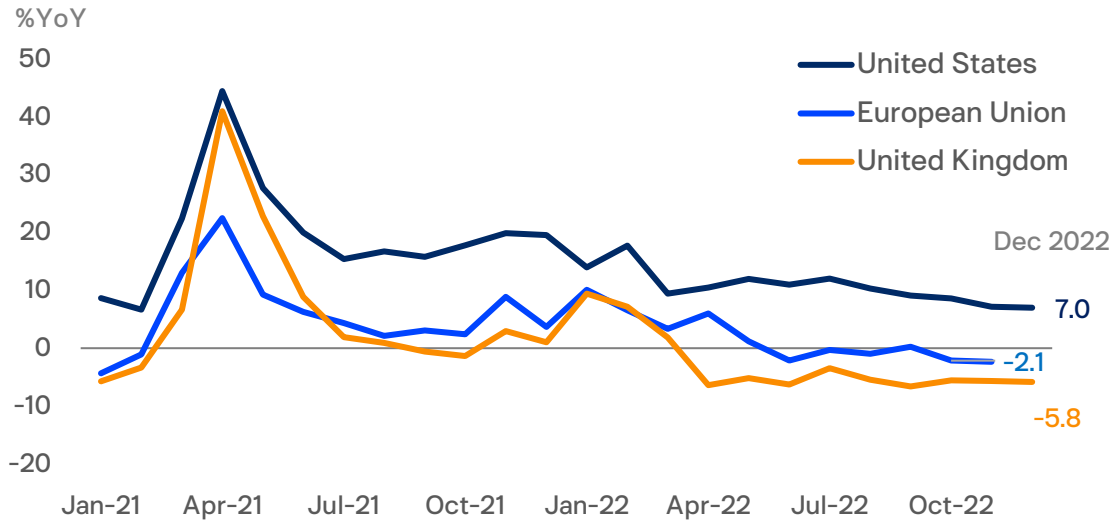


Industrial Production

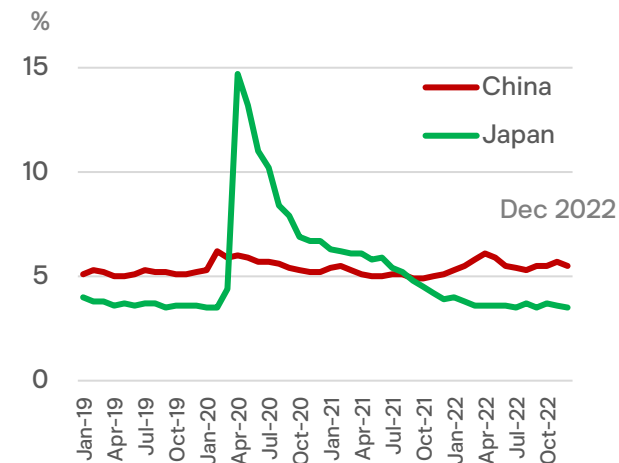
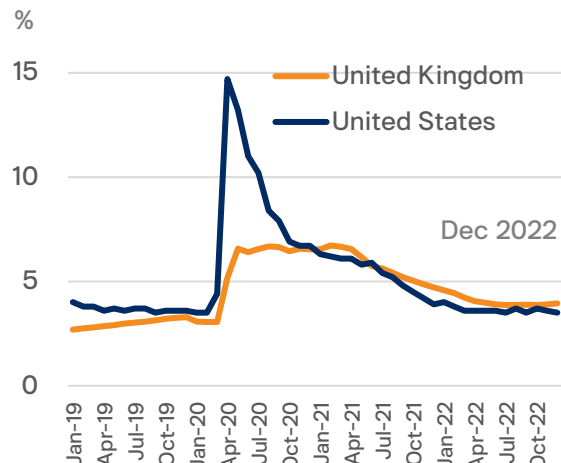
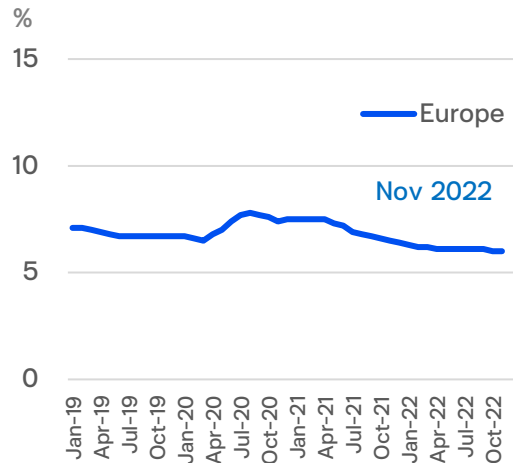


- Global trades have softened during the last quarter of 2022 according to weakened global demands, as represented by a weak merchandise exports across nations. China and South Korea's exports have decline continuously.
- Accordingly, Industrial production growths were in a soft pace in several nation. The production activities in Japan and United Kingdom registered in a negative territory.

Retail sales in Key nations

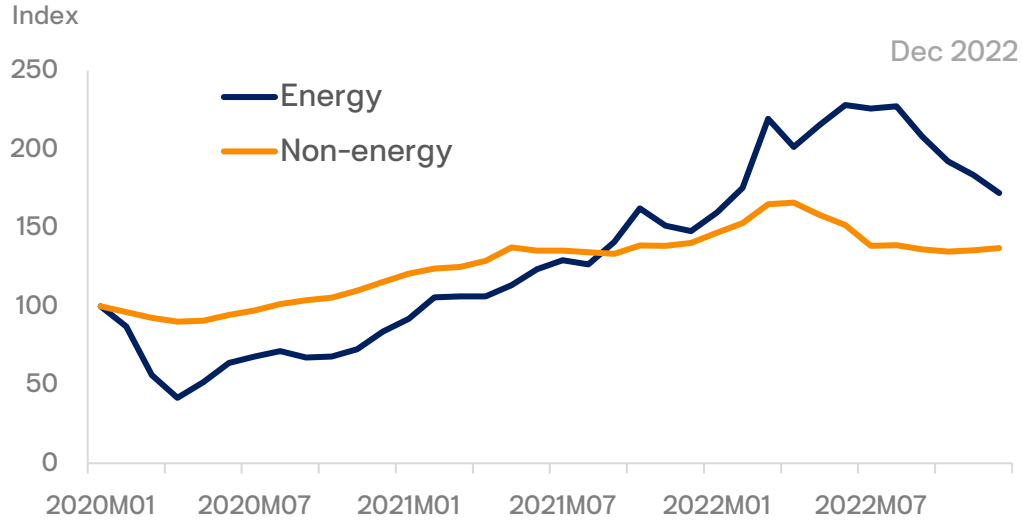


Unemployment situation



- Demands turned weaker, represented by softened retail sales. Especially, Retail sales in European union and United kingdom contracted continuously since the begin of 2022.
- However, unemployment condition in majority of nations improved. This is except for UK's worsened employment condition.

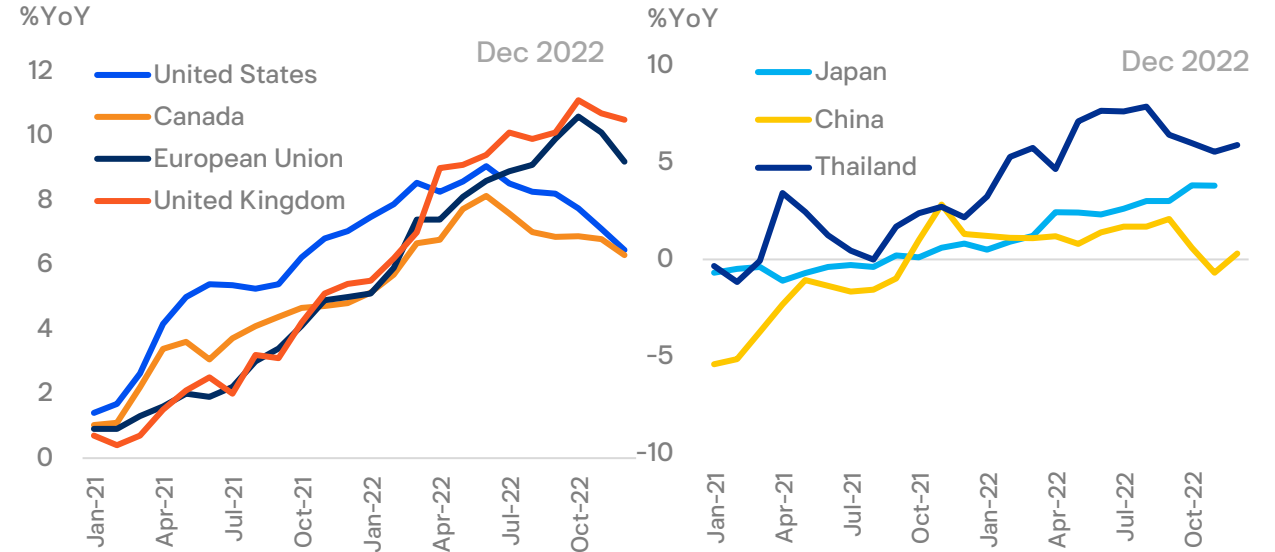
World Commodity Price Index



Global Supply Chain Pressure Index



Global Inflation



- **Global inflations have been in a steady deceleration.** However, the recent development could be seen as a moderate declining pace in price pressure. This is due to a slower normalization in global supply chain situation. Only China faced a rise in inflation due to a pork price, but it was still far below peer.
- **Global supply chain pressures have been moderate,** disrupting the downward trend seen over the previous period due to rises in Korean delivery times and Taiwan's inventories. The recent development is slowing down the index returning to normal level.

PART 2

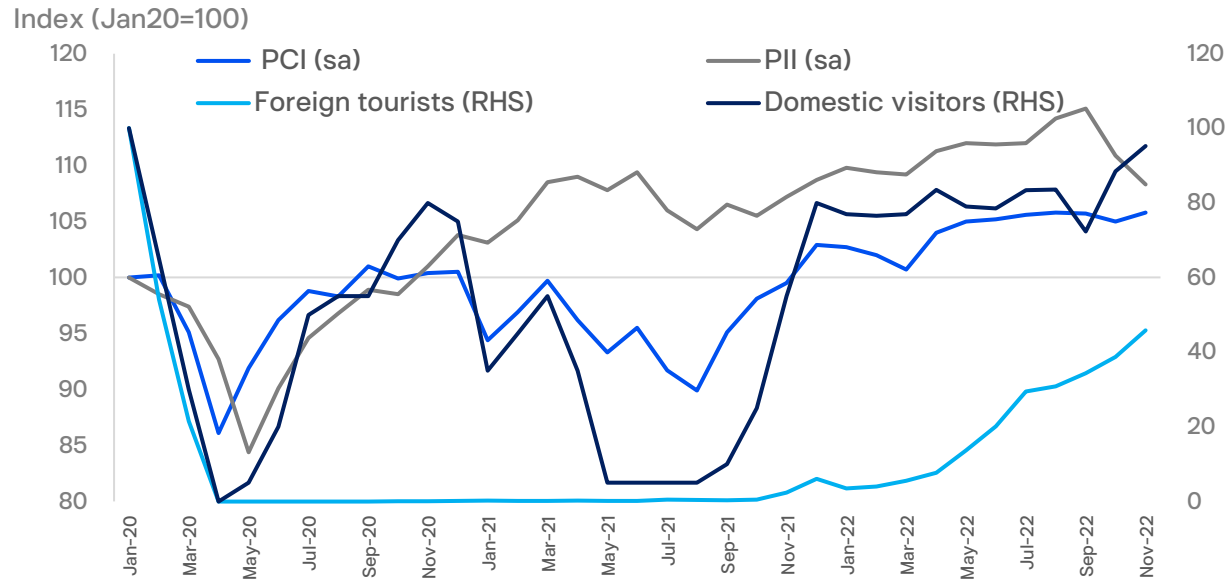
Thai Economy



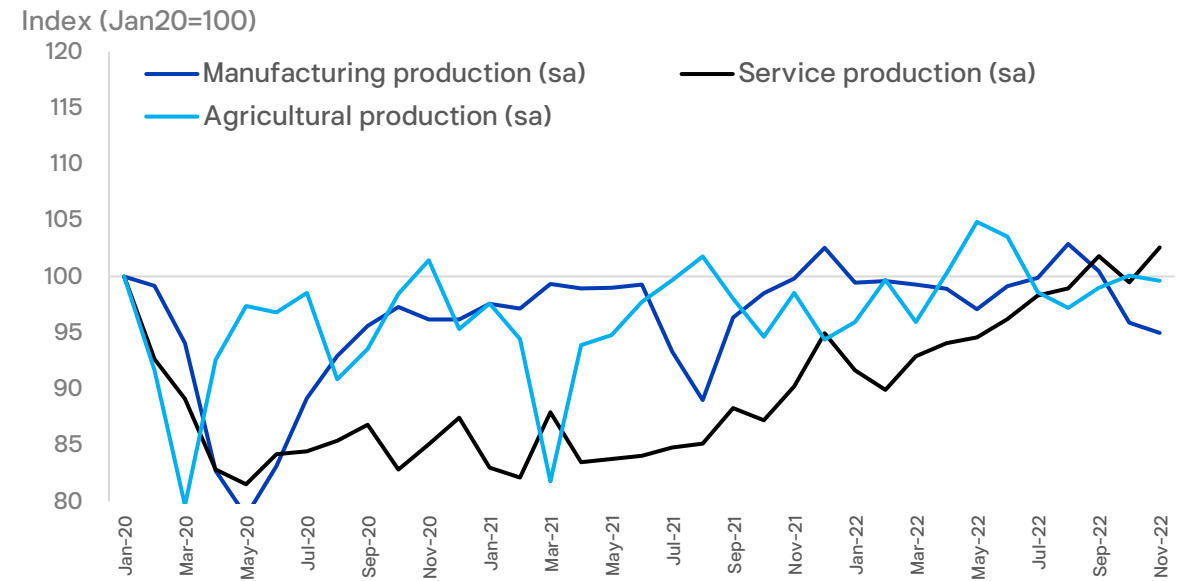
Thai economic recovery maintained its traction due to prominent tourist arrivals



Demand-side indicators



Supply-side indicators

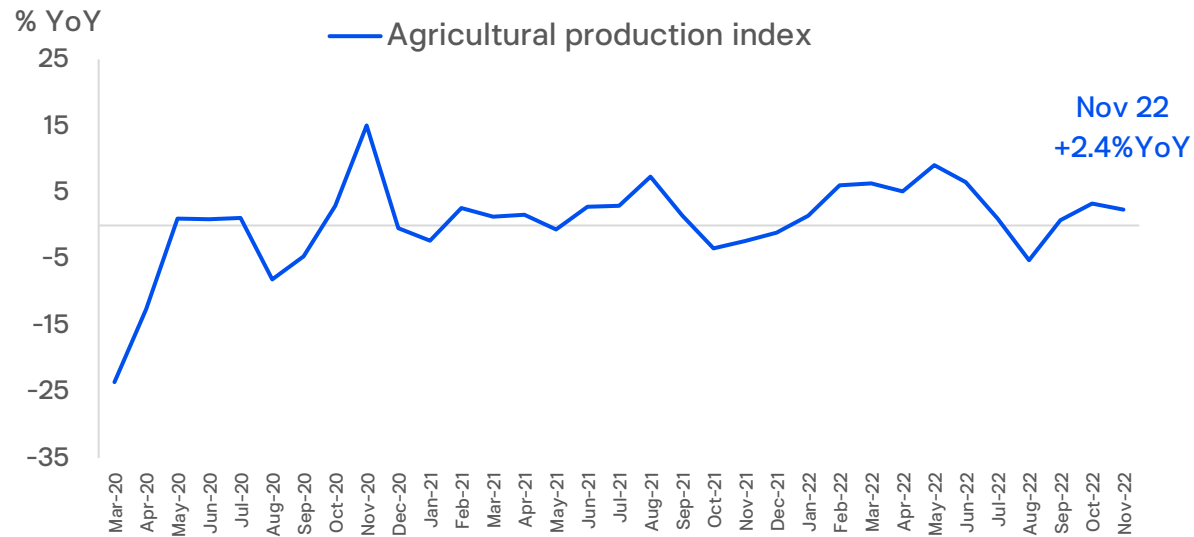


Coincident Economic Index (sa)

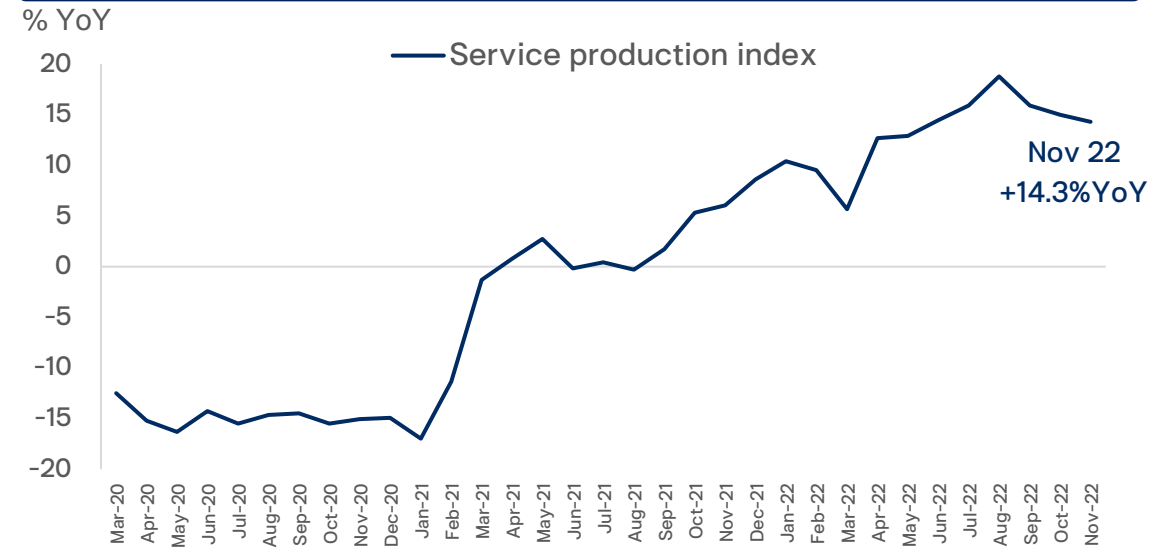
	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Coincident Economic Index (sa)	99.9	100.5	100.8	100.7	100.9	100.9	100.5	100.3	100.6	100.5	101.1	96.7	96.0	95.0
Production														
Import Volume index (exclude Gold)	104.3	99.8	115.9	104.9	107.9	112.5	109.6	109.2	109.4	110.5	110.0	112.7	105.3	95.8
Manufacturing Production Index	98.5	99.8	102.5	99.5	99.6	99.3	98.9	97.1	99.1	99.9	102.9	100.5	95.9	95.0
Gross Value Added Tax at 2000 price (Million baht)	55,047	61,594	57,139	56,930	58,144	58,511	57,467	56,777	58,146	55,517	57,152	58,682	59,022	55,602
C														
Sales Benzene, Gasohol & Diesel Index	86.6	91.8	102.8	98.4	95.7	89.2	96.9	97.8	92.8	94.6	93.0	96.1	93.0	94.1
VAT Hotel & Restaurant Index	36.9	45.1	48.1	38.2	48.8	48.7	53.7	56.0	58.3	62.2	60.3	68.0	71.0	75.5
I														
Imports of Capital Goods at 2010 price (Million USD)	3,812.8	3,807.0	3,878.4	3,926.9	3,851.8	3,853.0	3,767.0	3,943.3	4,181.3	3,973.6	4,251.2	4,065.8	3,917.5	3,671.3
Domestic Machinery Sales at 2010 price (Million THB)	88,945	90,303	90,123	91,033	92,003	87,812	92,390	91,711	85,131	92,271	90,998	96,296	92,351	89,681

Services activities regarding to tourism activities continued to expand, while commerce and logistics activities contracted

Agriculture



Services



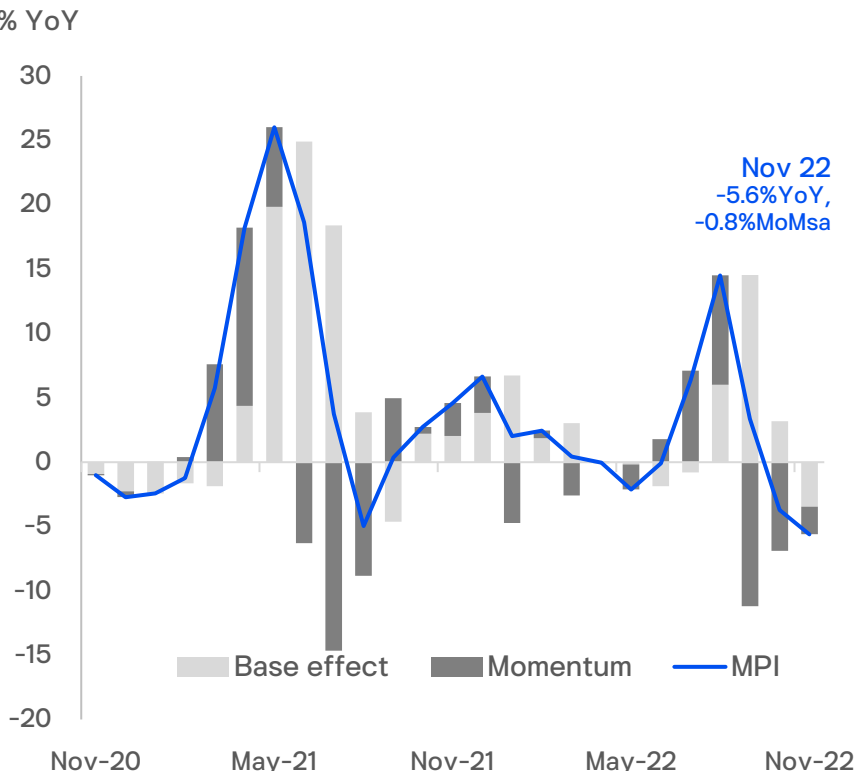
Service Production Index (Base Jan 2020=100)

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Wholesale and retail trade; repair of motor vehicles and motorcycles	97.7	99.5	100.6	102.0	103.3	105.3	104.0	103.0	103.6	104.2	107.4	108.2	107.0	108.8
Transportation and storage	63.4	65.3	70.3	67.9	66.9	72.2	70.4	74.5	77.9	81.4	84.6	81.9	82.3	82.7
Accommodation and food service activities	8.0	20.2	30.4	27.9	28.0	29.1	32.7	35.4	39.5	47.4	48.3	50.9	55.2	62.3
Information and communication	98.8	108.7	121.4	112.8	99.8	116.9	103.0	115.2	117.3	109.7	124.8	125.6	121.2	139.5
Financial and insurance activities	111.5	113.1	115.5	102.2	101.5	102.2	118.8	120.3	111.3	108.3	108.9	109.5	106.9	108.9
Real estate activities	121.1	128.1	133.9	123.3	122.3	128.7	120.6	122.0	123.8	124.2	118.5	132.5	125.0	130.4
Professional, scientific and technical activities	111.4	113.0	125.1	120.1	107.4	126.1	120.1	118.4	129.2	143.6	112.5	135.6	135.4	130.6
Administrative and support service activities	73.6	81.1	85.1	82.0	76.7	89.3	79.2	77.3	85.7	90.6	79.8	98.8	87.1	101.3
Public administration and defence; compulsory social security	105.8	101.0	106.5	102.1	97.6	92.1	116.1	105.1	104.4	108.3	110.8	113.7	102.6	101.2
Service Production Index	88.1	91.1	95.9	92.3	90.5	93.5	97.0	96.3	97.1	99.3	99.9	103.4	100.4	103.6

MPI dropped further for 2nd consecutive month mainly due to weaker external demand



Manufacturing



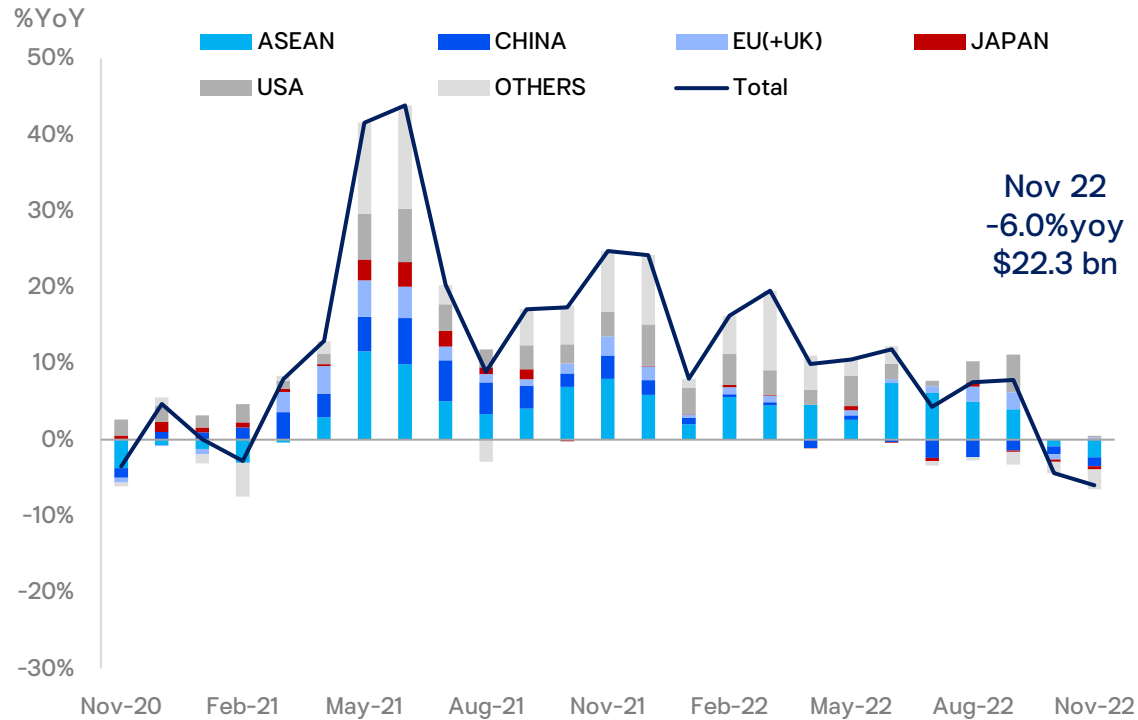
Manufacturing Production Index (Base Jan 2020=100)

Contribution	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Food products (16.2%)														
Beverages (3.8%)														
Tobacco products (0.5%)														
Textiles (1.6%)														
Wearing apparel (1.9%)														
Leather products (0.9%)														
Paper products (2.9%)														
Coke and refined petroleum products (9.6%)														
Chemicals (8%)														
Pharmaceutical products (1.2%)														
Rubber and plastics products (8.9%)														
Other non-metallic mineral products (5.5%)														
Basic metals (3.6%)														
Fabricated metal products (1.9%)														
Computer and electronic products (8.9%)														
Electrical equipment (3%)														
Machinery and equipment (2.7%)														
Motor vehicles (13.9%)														
Other transport equipment (1.1%)														
Furniture (1.5%)														
Others (2.4%)														
MPI (%YoY)	2.7	4.6	6.7	2.0	2.5	0.4	0.0	-2.1	-0.1	6.4	14.5	3.4	-3.7	-5.6

- As of Nov22, Manufacturing Production Index (MPI) was contracted at 5.6%YoY. The worsen momentum were mainly from 1) the continuing temporary shutdown of oil refineries for maintenance 2) decline global demand in HDD and electric appliance 3) the lower production of food and drink and 4) the lower production in commercial vehicle. However, chemical products and motor vehicles production improved.

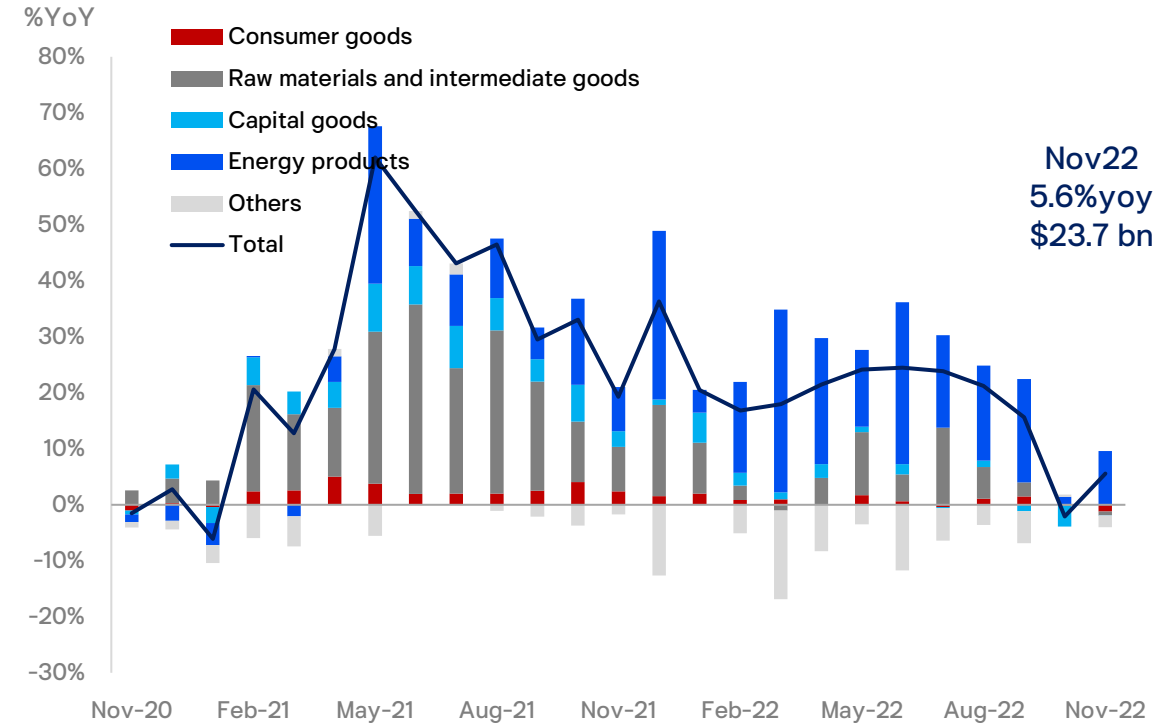
Export in November continued to drop at 6.0%yoy, while import improved gradually

Exports value by destination*



Total export growth	2019	2020	2021	11M2022	2022F
	-2.6%	-5.9%	17.1%	7.6%	7.9%
	\$246 bn	\$232 bn	\$272 bn	\$265 bn	\$293 bn

Imports value by groups*

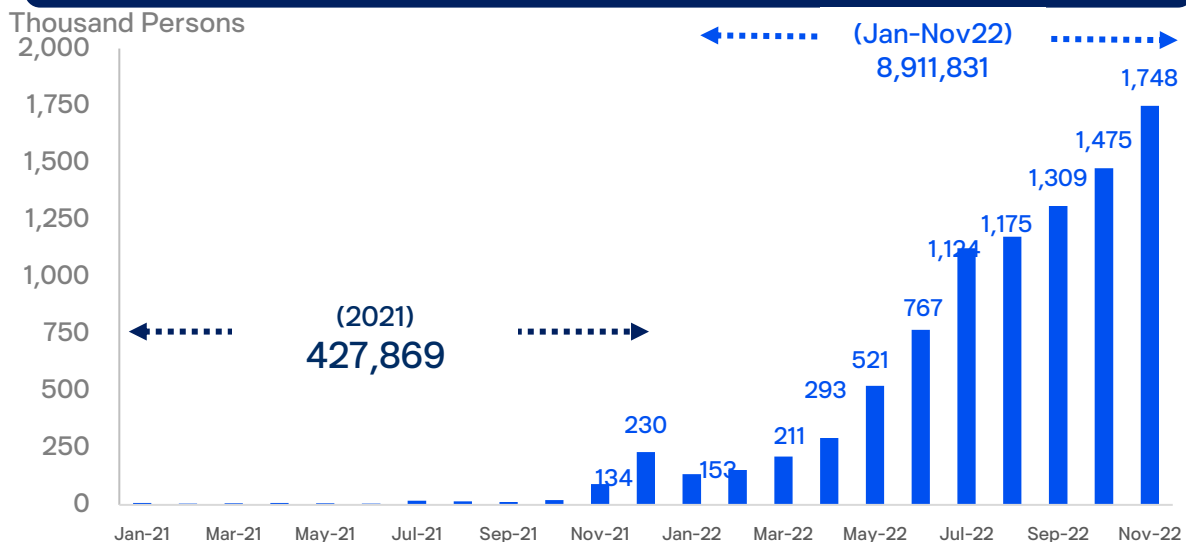


Total import growth	2019	2020	2021	11M2022	2022F
	-4.8%	-12.7%	29.8%	16.3%	16.5%
	\$236 bn	\$206 bn	\$267 bn	\$280 bn	\$311 bn

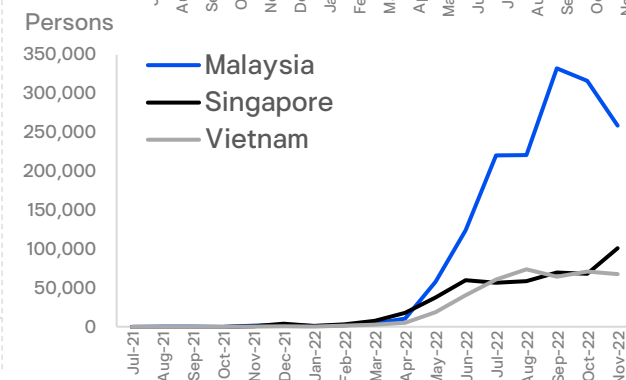
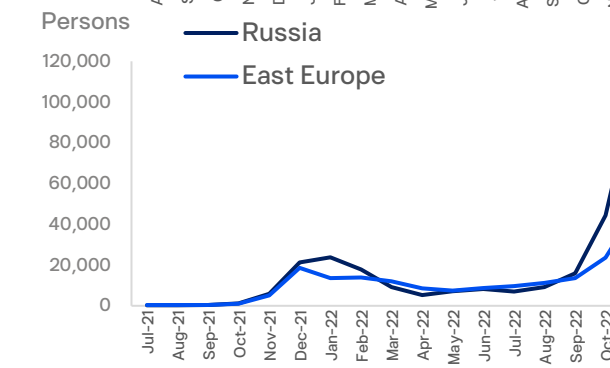
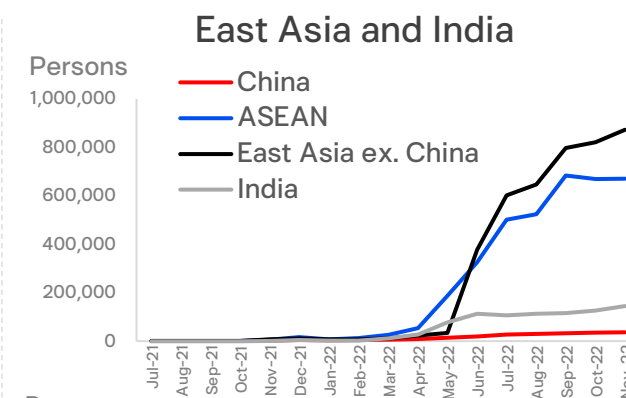
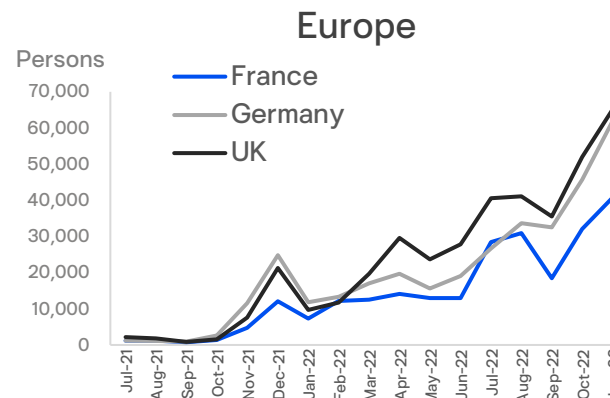
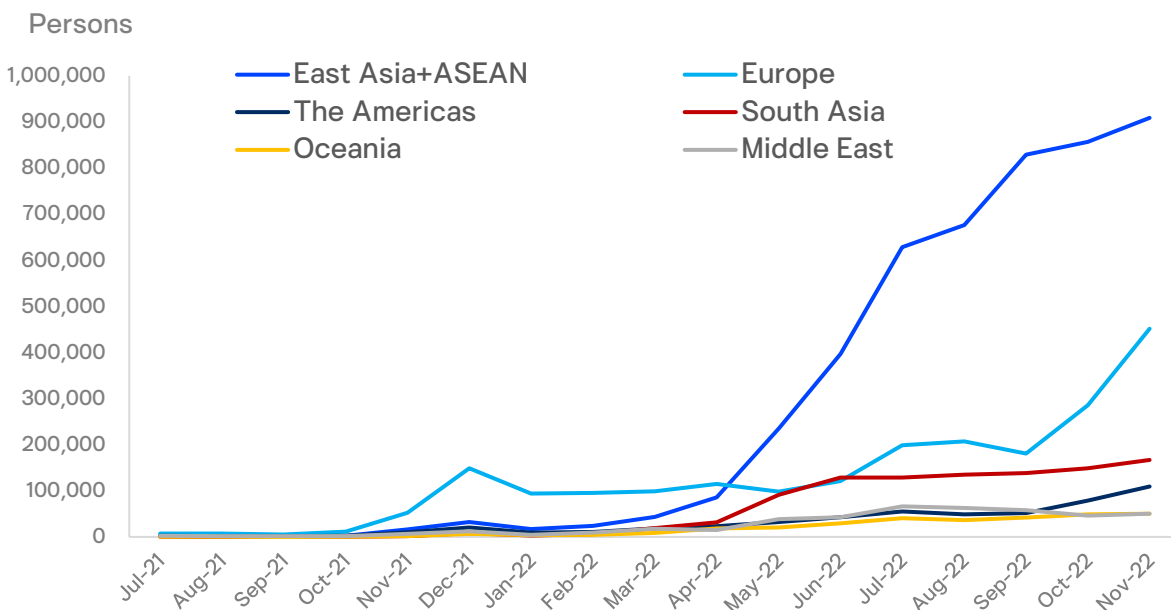
- As of Nov22, total exports dropped 6.0%YoY, for second consecutive month. This was due to the further decrease of major products; such as refinery oil (-35.7%) and chemical products (-23.7%), while computer and parts (-21.0%), plastic pallet (-26.8%) also contracted. However, the agricultural products improved slightly in accordance with export of broiler, fruits and sugarcane.

Foreign arrivals in 2022 could reach 11 million, led by short-haul tourist groups

Total Foreign Tourist Inbounds

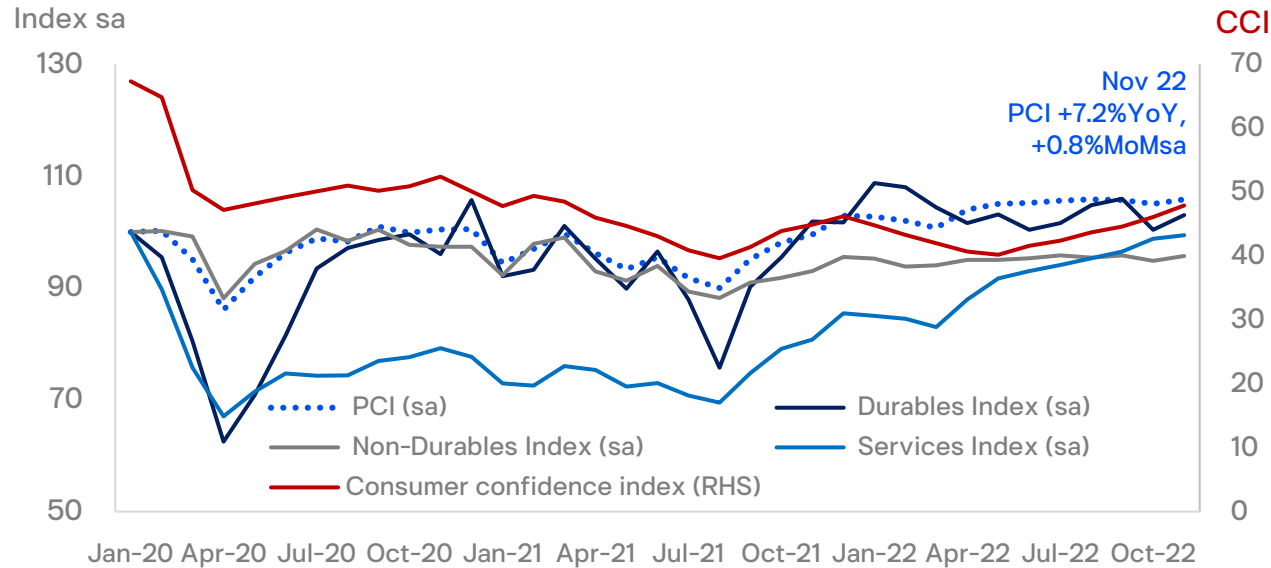


- As of Nov22, foreign tourist increased consecutively from last month after both Thailand and several foreign nations have eased travelling restrictions. The major groups still came from East Asia, led by Malaysia. Particularly, Russia and Europe tourists showed significantly improved momentum compared to previous month due to the winter season in Europe region.

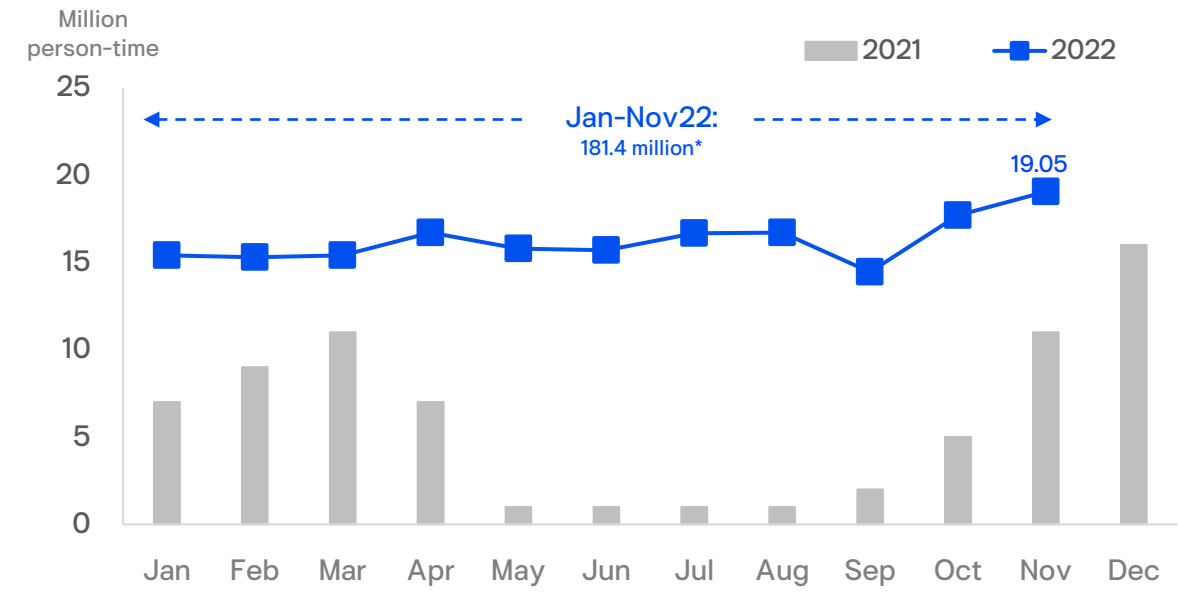


Private consumption increased slightly from previous month

Private Consumption (SA)

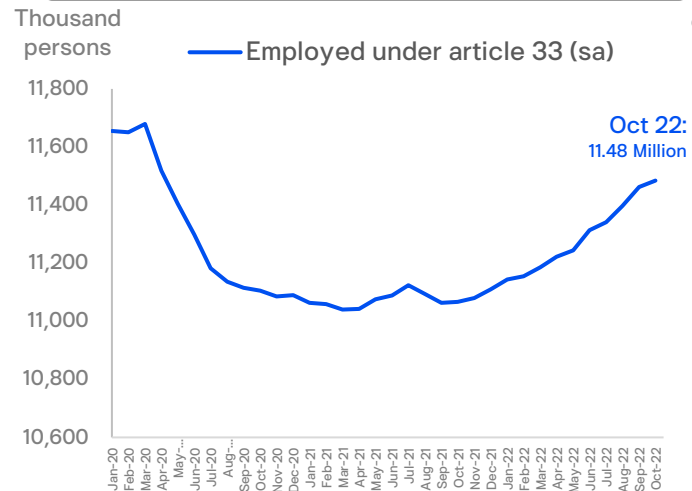


Thai domestic tourism visitors

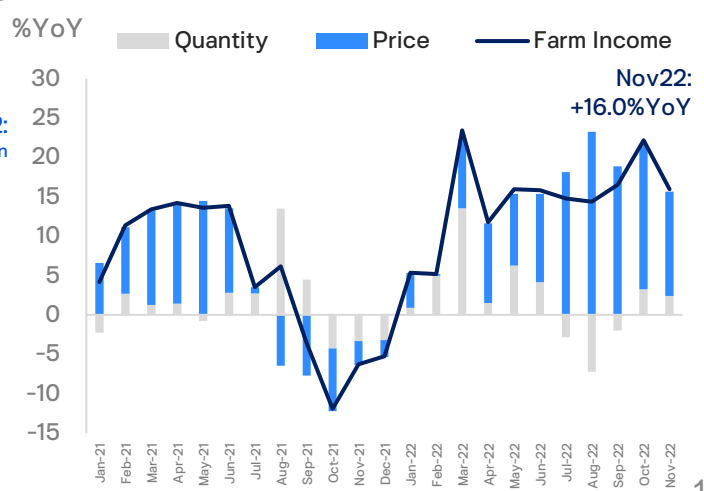


- Private consumption indicators in Nov22 slightly increased from the previous month due to the increase in purchasing durable goods during year-end season. Several fundamental factors supporting household consumption gradually improved especially employment and consumer confidence.
- However, the elevated living costs still weighed down on consumption.

Employment M33



Farm Incomes

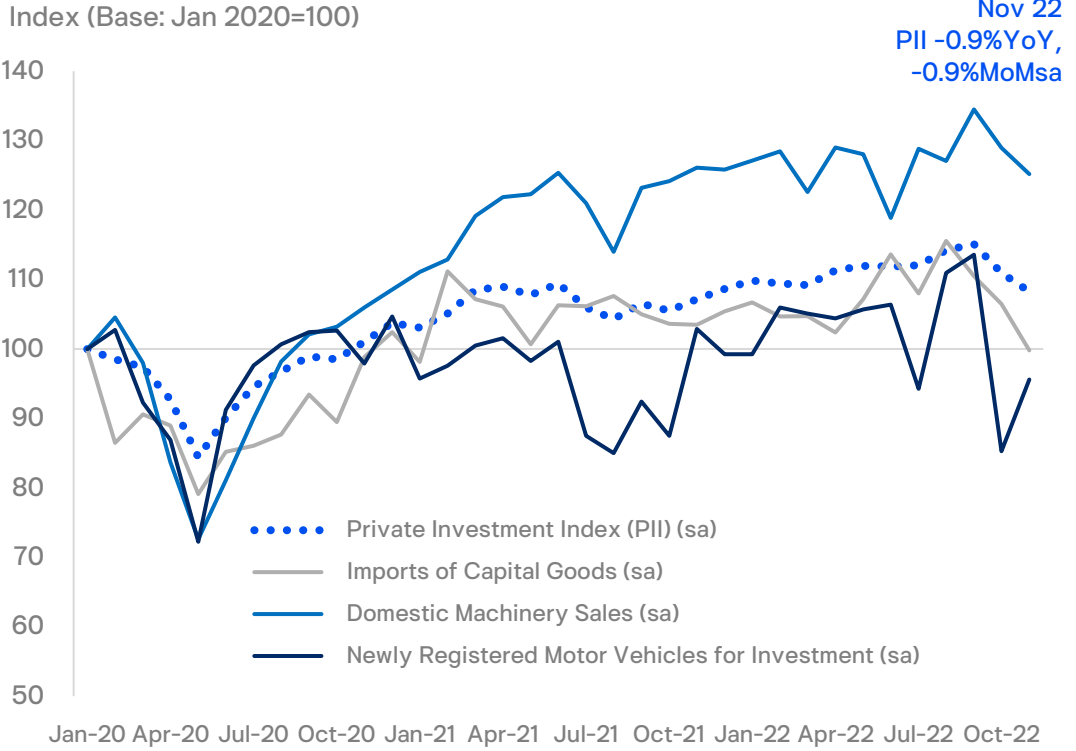


Source: Bank of Thailand, CEIC and ttb analytics
Remark: *Data not include replication in number of visitors

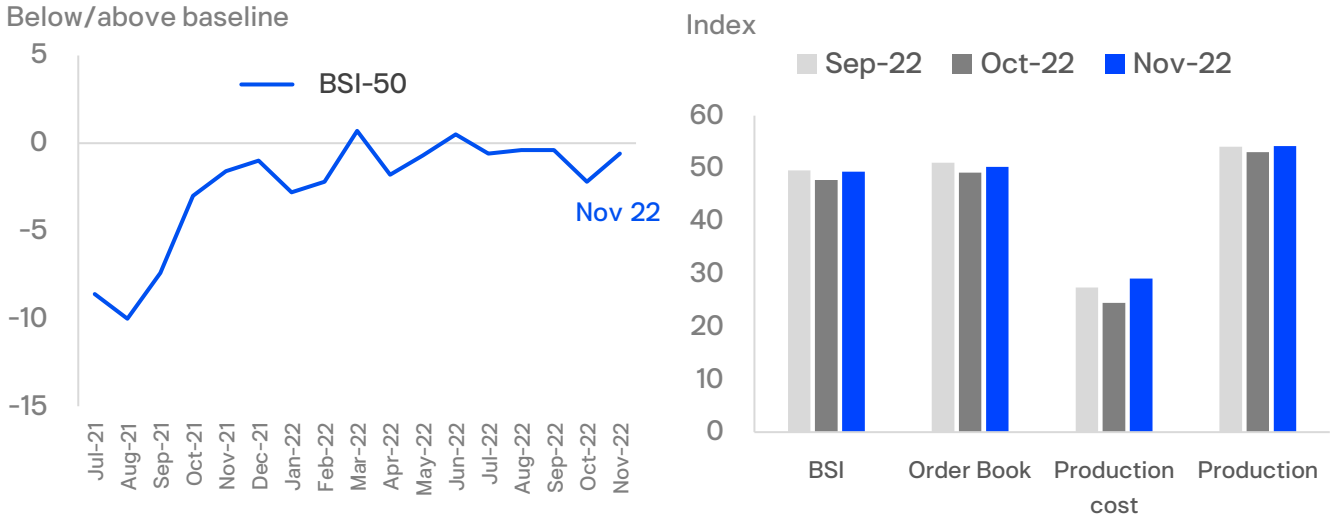
Private investment declined gradually led by machinery and equipment



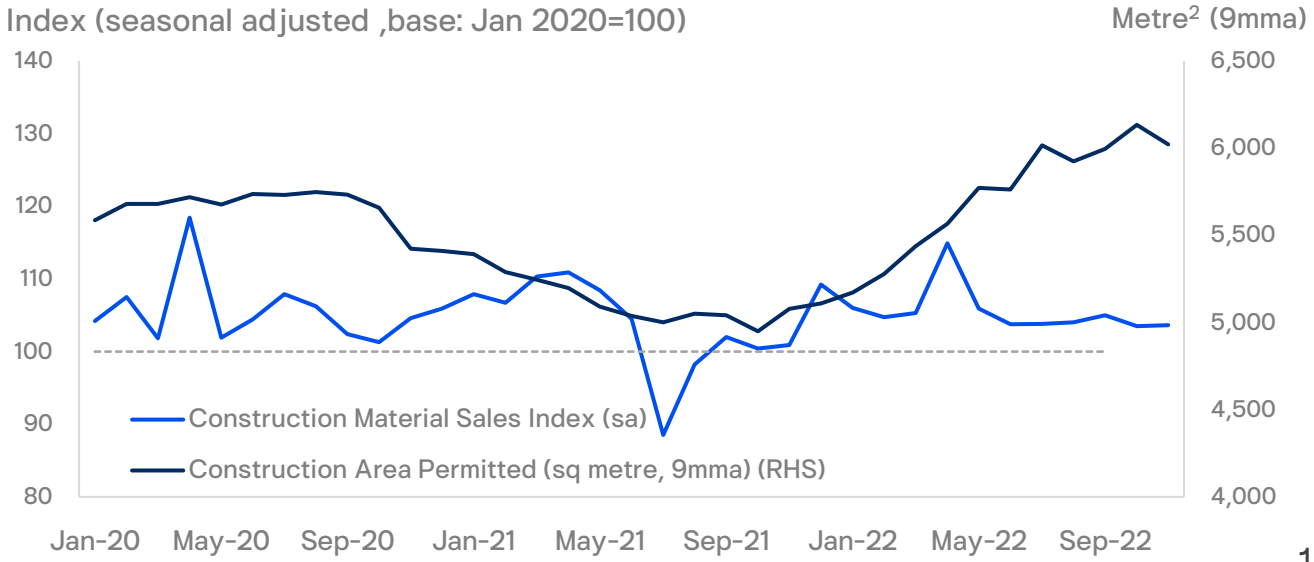
Private Investment (SA)



Business Sentiment Index



Construction sector (SA)



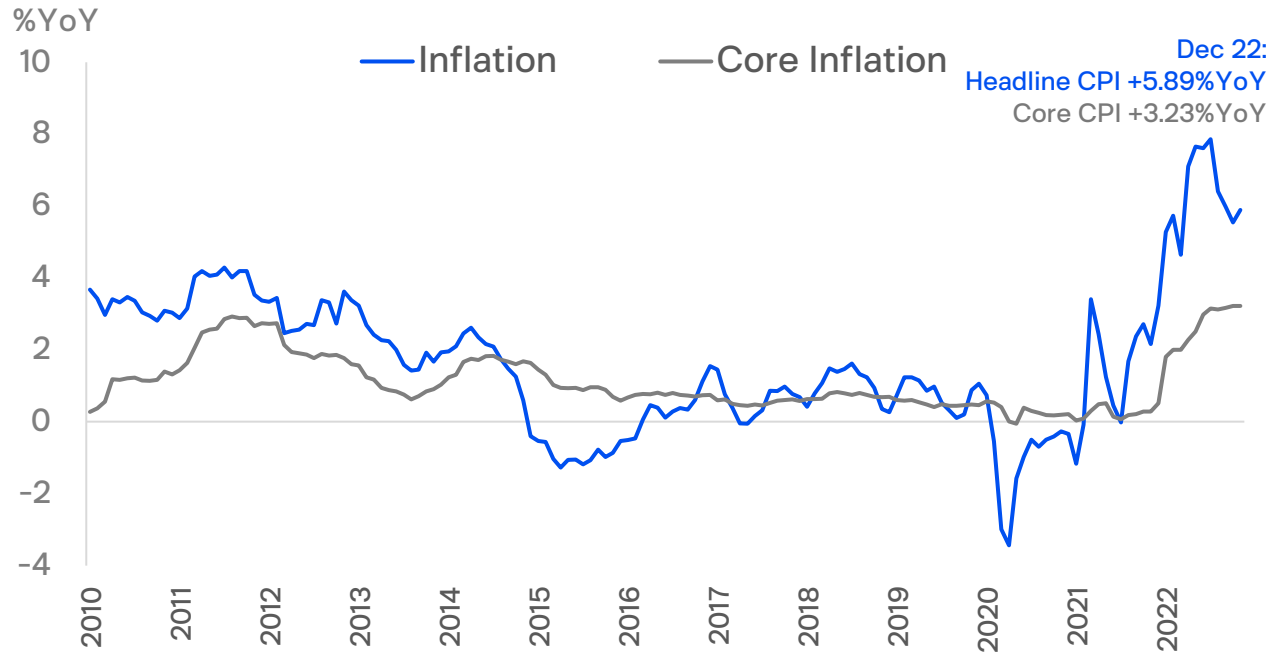
- Indicators on private investment in Nov22 declined slightly which mainly due to lower investment in machinery and equipment, whereas newly registered motor vehicles for investment improved compared to the month earlier.
- Investment in construction gradually decrease following construction material sales, as well as construction permitted areas.

Source: BOT, MOI and ttb analytics.

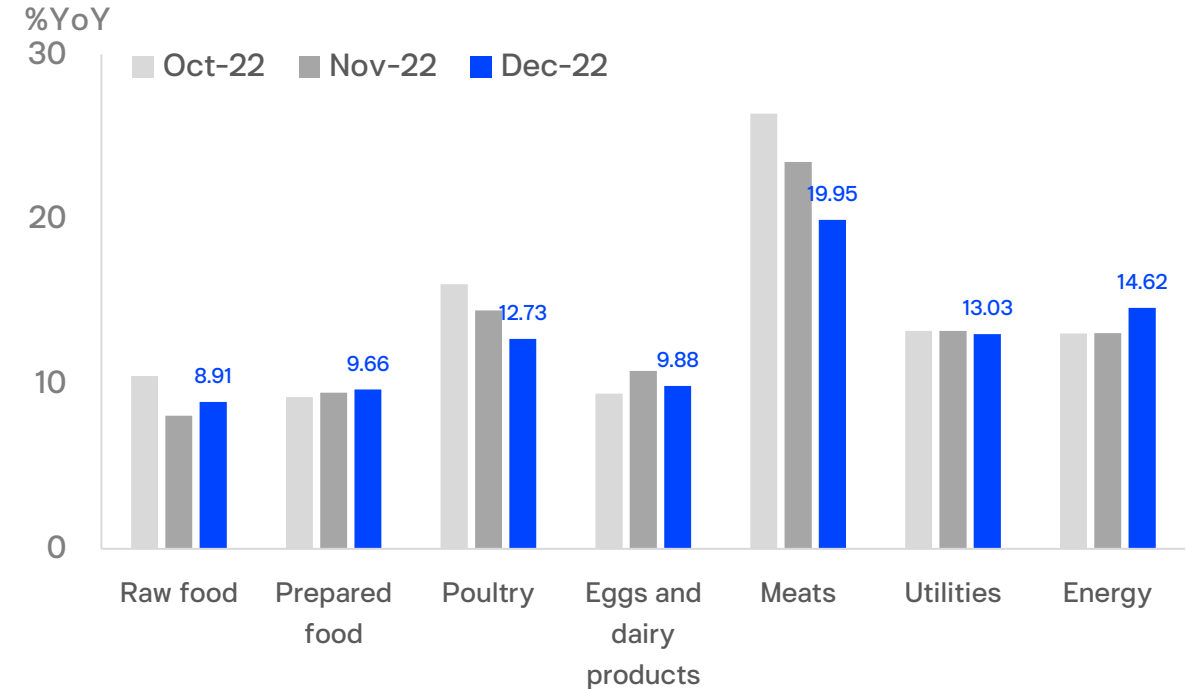
Headline inflation in December picked up slightly, as mainly from energy price rising. Inflation in the year of 2022 stood above 6%, highest level since 1998



Headline vs core inflation



Price change in top categories



Historical Thai Inflation (%yoy)

%YoY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
HCPI	2.17	5.19	-0.83	3.3	3.81	3.01	2.19	1.9	-0.9	0.19	0.67	1.07	0.71	-0.84	1.24	6.08
Food	4.08	11.56	4.54	5.43	7.94	4.89	3.41	3.94	1.14	1.6	0.01	0.41	2.32	1.23	-0.12	6.91
Housing	0.13	-3.19	-1.55	2.03	1.31	2.73	1.9	1.41	0.59	-0.99	0.17	1.03	0.42	-1.02	-1.69	4.81
Transport	2.72	6.38	-9.41	3.81	1.73	1.58	1.34	0.09	-6.52	-1.75	2.37	2.31	-1.14	-4.53	7.81	9.10
Core CPI	1.08	2.29	0.27	0.95	2.36	2.10	1.01	1.59	1.05	0.74	0.55	0.71	0.52	0.29	0.24	2.50

PART 3

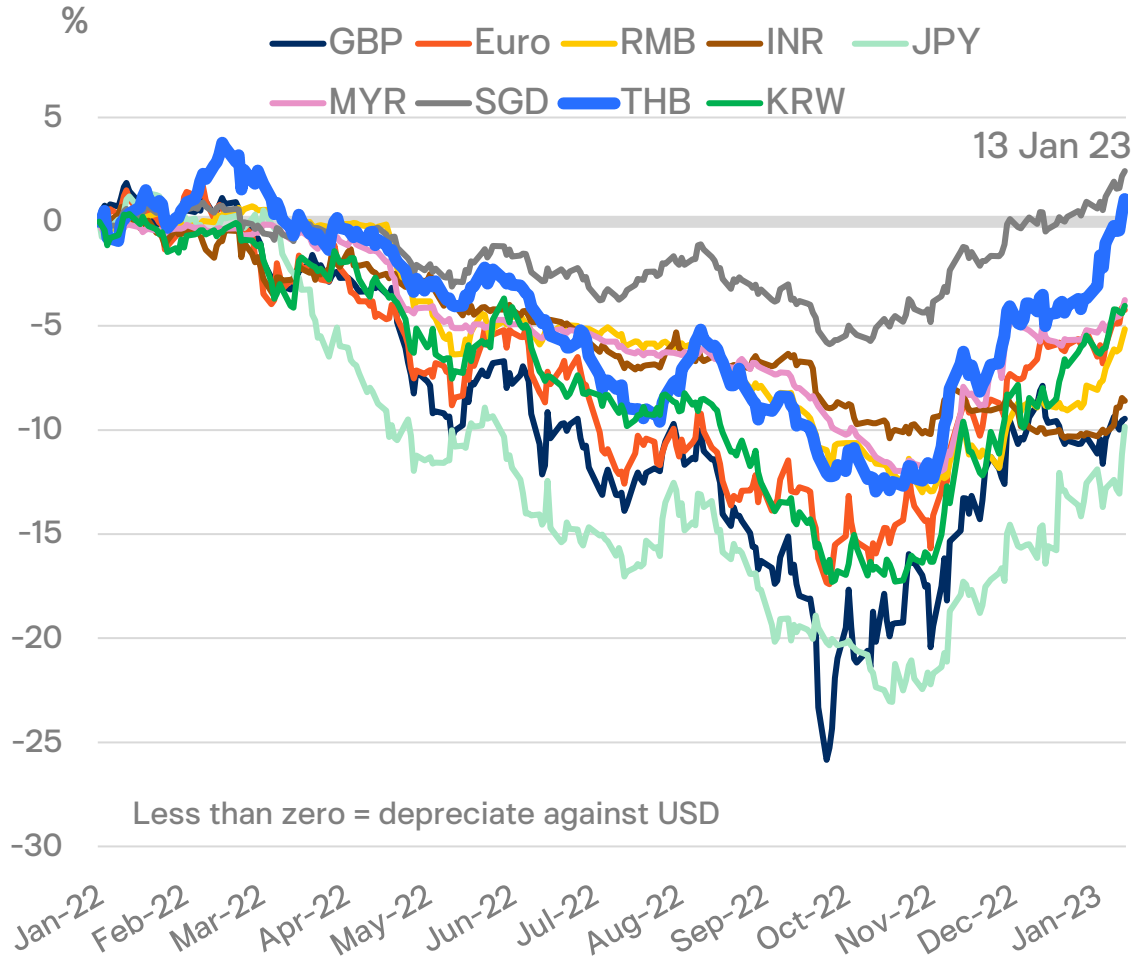
Financial Market



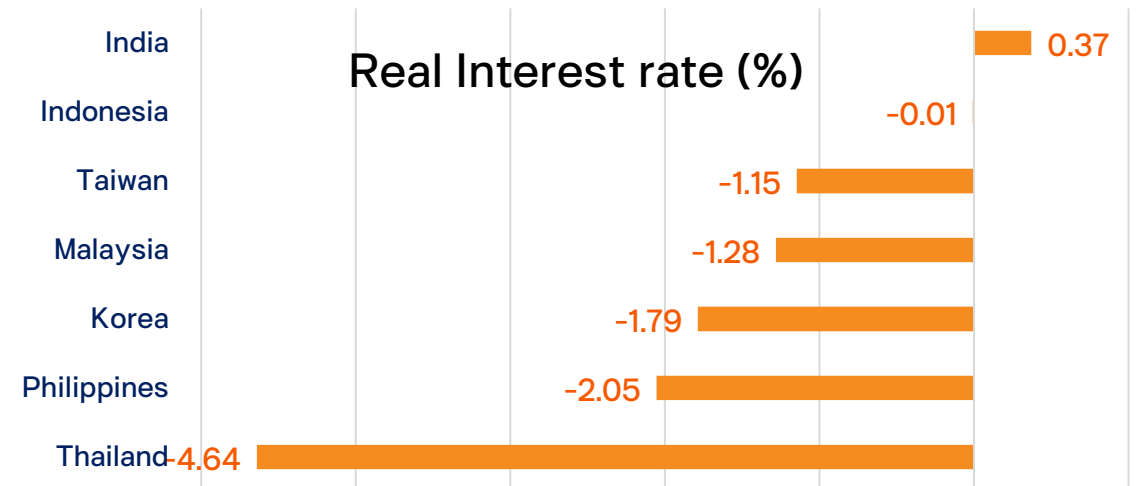
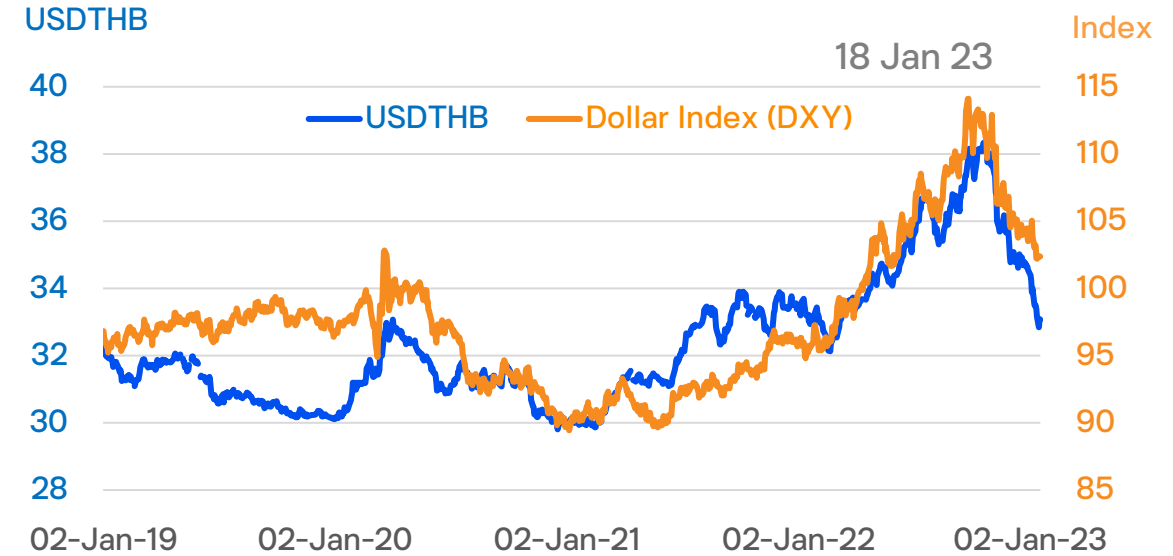
Recently US dollar has sharply depreciated due to recession concerns in US economy



Major Asian currencies against USD



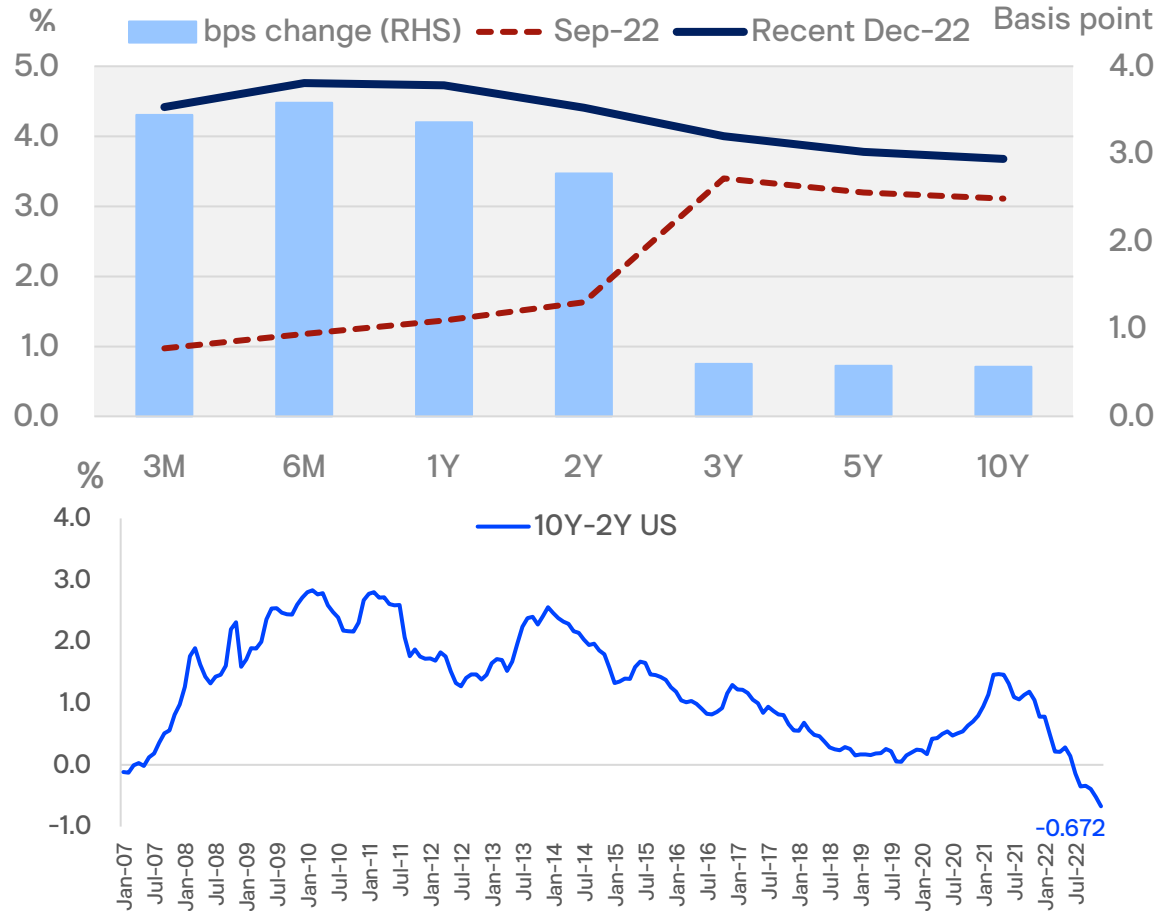
Dollar Index / USDTHB



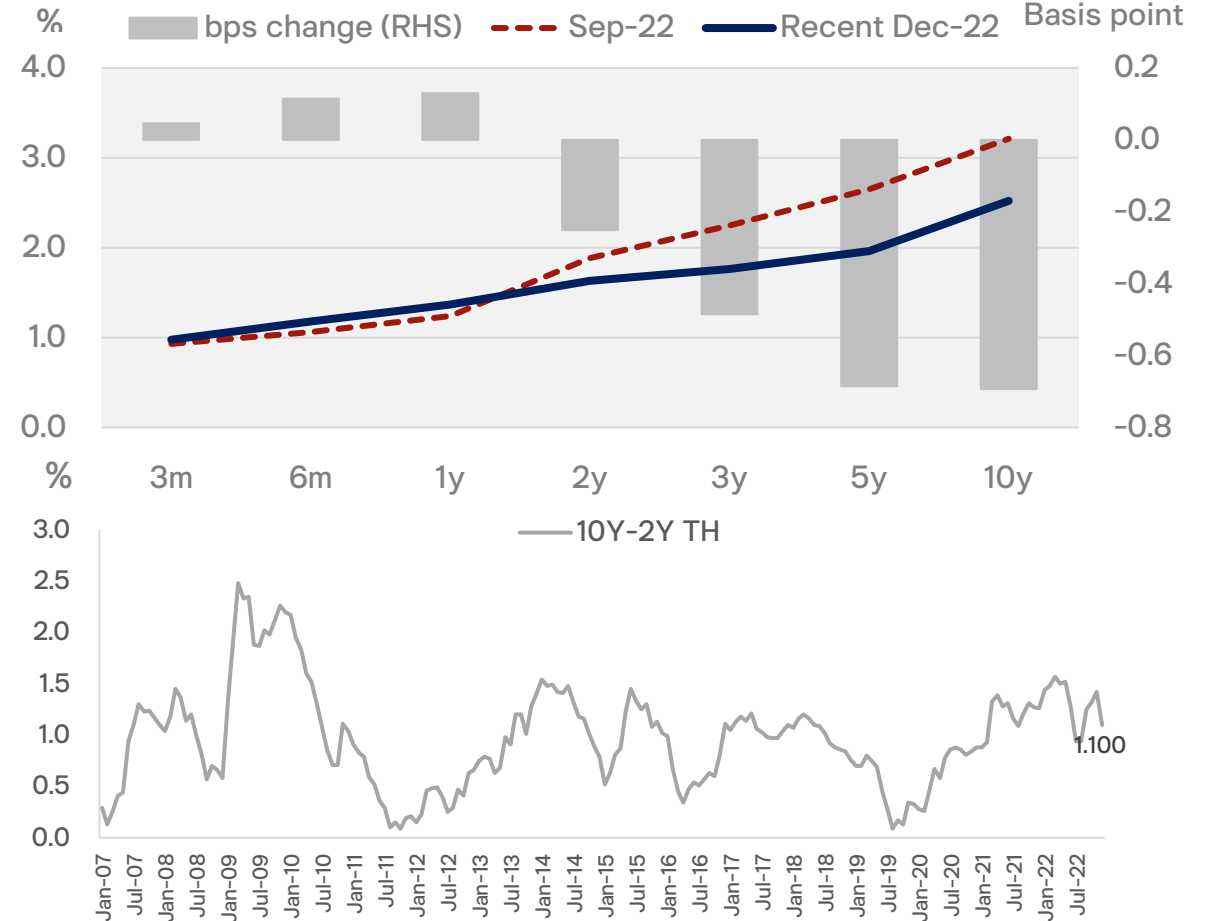
Investors enter long-term tenors due to global recession fear



US government yields

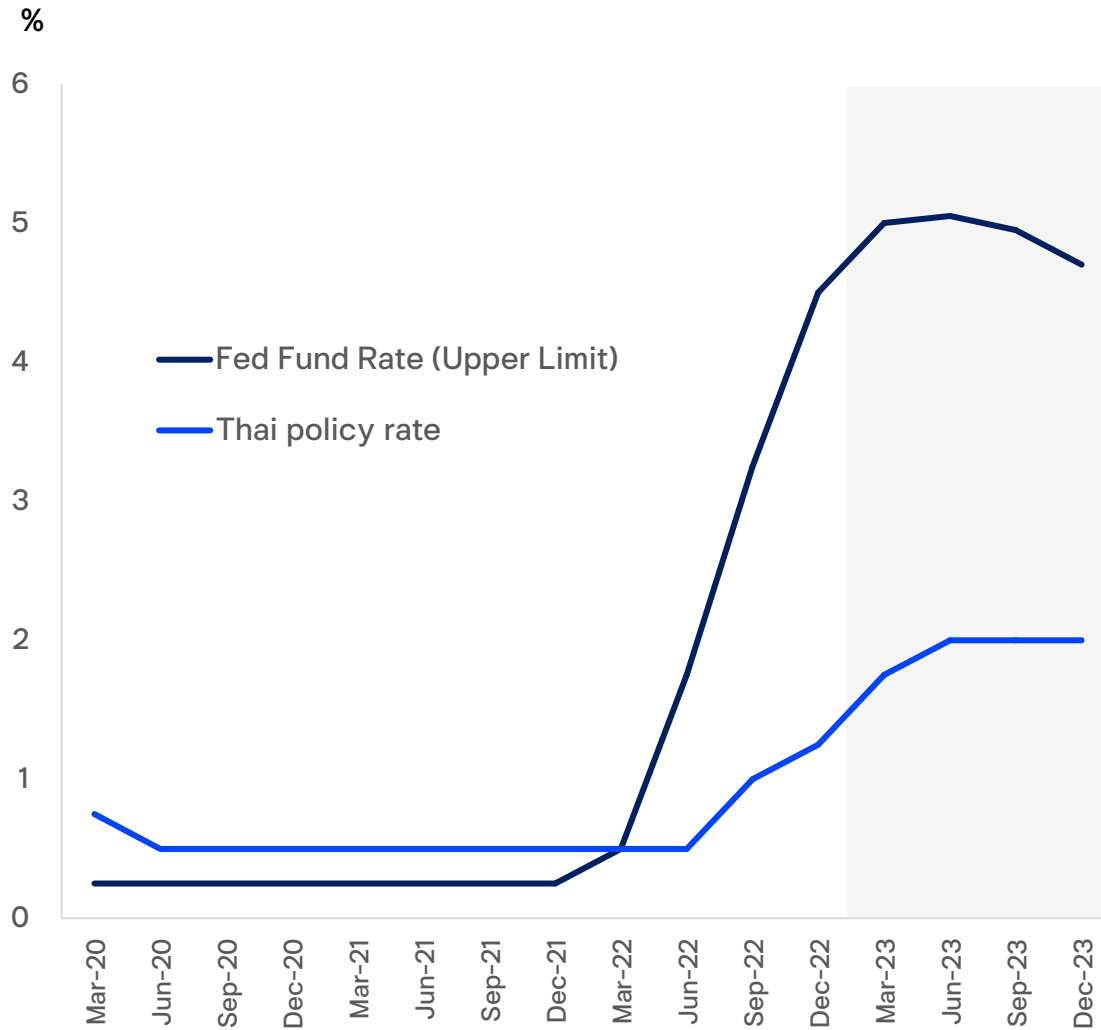


Thai government yield curve



- For both US and TH government bond, Investors went into long term tenor due to recession concerns. Moreover, 10y/2y yield spread for US government bond dropped below zero, signaling approaching recession in US. Meantime, 10y/2y yield spread for Thai government bond increased above zero.

FED-BOT policy rate forecast



USDTHB Projection



The logo features the lowercase letters 'ttb' in a bold, sans-serif font. The first 't' is blue, the second 't' is orange, and the 'b' is dark blue. To the right of the 'ttb' is a vertical line, followed by the word 'a.n.a.l.y.t.i.c.s' in a dark blue, sans-serif font with dots between each letter.